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Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION OF) DOCKET NO. E-01787A-02-0822
NAVOPACHE ELECTRIC COOPERATIVE,)
INC., AN ARIZONA NON-PROFIT)
CORPORATION, FOR APPROVAL OF A RUS) NAVOPACHE'S REQUEST
GUARANTEED FFB LOAN IN THE AMOUNT) TO AMEND FINDING OF
OF \$3,145,000 TO FUND THE CONSTRUCTION) FACT NO. 6 IN LIEU OF
OF PHOTOVOLTAIC ELECTRIC GENERATING) EXCEPTIONS
FACILITIES UNDER THE ENVIRONMENTAL)
PORTFOLIO STANDARD MANDATE.)

Navopache Electric Cooperative, Inc. ("Navopache") supports Assistant Chief Administrative Law Judge, Dwight D. Nodes' ("ALJ") proposed order, which recommends that the Commission authorize the Cooperative to borrow \$3,145,000 from the Rural Utilities Service, Guaranteed Federal Financing Bank ("RUS"), to construct photovoltaic electric generating facilities under Arizona's Environmental Portfolio Standard. As such, Navopache has no exceptions to the Recommended Order, but requests that Finding of Fact No. 6 be amended to more accurately reflect the status of the Cooperative's loan request as "pending" rather than "approved" at RUS.

The apparent point of confusion stems from the fact that RUS generally performs a two-step review of cooperative financing requests in its loan approval process. In the first step, RUS performs a threshold review of the cooperative's proposed Construction

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1 Work Plan ("CWP") to determine whether it meets RUS' general engineering funding criteria.
2 If the CWP is acceptable, RUS sets the amount of expenditures necessary to carryout the
3 construction under the CWP. As indicated in Navopache's application, RUS has completed
4 the first step and has approved Navopache's CWP for construction of photovoltaic electric
5 generating facilities allowing Navopache to make expenditures of up to \$3,145,000. In the
6 second step, RUS reviews the cooperative's financials to make certain that the Cooperative
7 can pay back the loan. Because of a heavy backlog of loan requests, RUS is not expected to
8 complete its financial review of Navopache's loan request for a few more months. RUS will
9 not formally approve Navopache's financing request and execute the note until both review
10 steps are completed. Thus, as written, Finding of Fact No. 6 is not completely accurate when
11 it states that RUS has "approved" Navopache's financing request. Therefore, Navopache
12 requests that Findings of Fact No. 6 be amended as follows:
13
14

15 6. Navopache has submitted a \$3,145,000 financing request to
16 RUS. Once approved by RUS, RUS has approved
17 Navopache's \$3,145,000 financing request the loan will be for
18 a period of twenty years, based on a variable interest rate that is
19 expected to average five percent per annum. The loan will
20 require monthly payments of approximately \$20,755 over the
21 twenty-year term of the loan. The loan will be secured by
22 existing collateral associated with prior extensions of credit by
23 RUS, and by a security agreement between Navopache and
24 RUS.

25 Navopache would emphasize that the above amendment is inconsequential as
26 to whether the Commission should grant regulatory authorization the Cooperative to borrow
funds. The Commission historically reviews and approves cooperative financing
authorization requests well before the lender approves the cooperative's actual loan request.

1 Moreover, lenders such as RUS generally require that all required state regulatory approvals
2 be attained by the cooperatives before they will execute the note anyway. For example, most
3 recently in Decision No. 65275 (dated October 16, 2002), the Commission authorized
4 Navopache to borrow funds from RUS under its Four-Year Construction Work Plan before
5 RUS approved the Cooperative's loan request package.
6

7 Accordingly, for the reasons stated above, Navopache requests that the
8 Commission adopt the Cooperative's proposed amendment to Finding of Fact No. 6 to more
9 accurately reflect the status of the Cooperative's loan request as pending at RUS, and
10 authorize Navopache to borrow funds from RUS to construct photovoltaic electric generating
11 facilities under Arizona's Environmental Portfolio Standard.
12

13 RESPECTFULLY SUBMITTED this 8th day of January, 2003.

14 MARTINEZ & CURTIS, P.C.

15 By Paul R. Michaud
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17 2712 North Seventh Street
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19 Attorneys for Navopache Electric Cooperative, Inc.

20 **Original and Thirteen (13) copies of**
21 **the foregoing filed this 8th day of**
22 **January, 2003 with:**

23 Docket Control
24 Arizona Corporation Commission
25 1200 West Washington Street
26 Phoenix, Arizona 85007

...

1 **Copies of the foregoing hand-delivered**
2 **this 8th day of January, 2003 to:**

3 William A. Mundell, Chairman
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 Jim Irvin, Commissioner
8 Arizona Corporation Commission
9 1200 West Washington Street
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By 

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